

Committee on Ways and Means

Tax Burdens of Lower Income Households 2000-2003

- Federal income taxes paid by households in the lower half of the income distribution declined from \$38.3 billion in 2000 (prior to Bush tax cuts) to \$25.9 billion in 2003.
- The share of total tax burden has declined from 3.9 percent to 3.5 percent for the lowest 50 percent of households by income.
- The top 10 percent of taxpayers by income paid 66 percent of all federal income taxes in 2003 while the lowest 50 percent of tax filers paid less than 4 percent.
- The average tax rate of taxpayers between the 40-60th income percentile declined from 7.5 percent in 2000 to 5.4 percent in 2003.
- There were 67.7 million tax filers with adjusted gross income (AGI) of less than \$30,000 in 2003. 35.2 million (52 percent) of these tax returns had no tax liability.

Year		Tax burden of taxpayers in bottom half of income distribution		Tax returns with tax liability (millions)	Percent of Returns without tax liability
		Federal income taxes paid (\$ billion)	Share of total tax burden		
2000	Pre-Bush	\$38.3	3.91%	104.7	19.0%
2001	2001 Tax Cut	\$35.2	3.97%	97.6	25.1%
2002		\$27.9	3.50%	94.2	27.6%
2003	2003 Tax Cut	\$25.9	3.46%	92.5	29.2%

Source: Statistics of Income (SOI), IRS.

